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Second Session—Twenty-fourth Parliament

1959

SPECIAL COMMITTEE ON

BROADCASTING

Chairman: G. E. HALPENNY, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

FRIDAY, MAY 15, 1959

CANADIAN BROADCASTING CORPORATION

WITNESSES:

E. L. Bushnell, Acting President, Canadian Broadcasting Corporation;
and A. M. Henderson, Comptroller.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959

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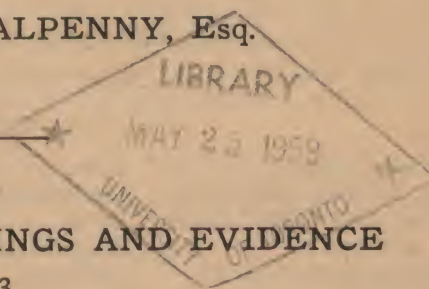
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SPECIAL COMMITTEE ON BROADCASTING

Chairman: G. E. Halpenny, Esq.

Vice-Chairman: J. Flynn, Esq.

and Messrs.

Miss Aitken,
R. A. Bell (*Carleton*),
Tom Bell (*Saint John-
Albert*),
Brassard (*Lapointe*),
Campeau,
Chambers,
Chown,
Dorion,
Fairfield,
Fisher,
Forgie,

Fortin,
Horner (*Jasper-Edson*),
Jung,
Kucherepa,
Lambert,
Macquarrie,
Mitchell,
Morris,
McCleave,
McGrath,
McIntosh,
McQuillan,

Nowlan,
Pickersgill,
Pratt,
Richard (*Ottawa East*),
Robichaud,
Rouleau,
Simpson,
Smith (*Calgary South*),
Smith (*Simcoe North*),
Tremblay.

J. E. O'Connor,
Clerk of the Committee.

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MINUTES OF PROCEEDINGS

FRIDAY, May 15, 1959.

The Special Committee on Broadcasting met at 9.30 a.m. this day. The Chairman, Mr. Halpenny, presided.

Members present: Messrs. Fairfield, Fisher, Flynn, Forgie, Fortin, Halpenny, Horner (*Jasper-Edson*), Jung, Macquarrie, McCleave, McIntosh, McQuillan, Pickersgill, Pratt, Richard (*Ottawa East*), Robichaud, Simpson, Smith (*Calgary South*), and Tremblay—(19).

In attendance: Mr. E. L. Bushnell, Acting President of the Canadian Broadcasting Corporation, assisted by Messrs. R. L. Dunsmore, Chairman, Finance Committee, Board of Directors; A. M. Henderson, Comptroller; Barry MacDonald, Secretary, Board of Directors, J. A. Halbert, Assistant Secretary, Board of Directors; J. P. Gilmore, Controller of Operations; R. C. Fraser, Director, Public Relations; V. F. Davies, Director of Accounting Services; J. Pelland, General Accountant; and A. Watkiss, Senior Accountant.

The Chairman observed the presence of quorum and Mr. Bushnell asked permission to elaborate on certain statements and answer questions which arose at the last meeting of the Committee.

Agreed,—To print as an appendix to the record of today's proceedings a table detailing expenditures of the Corporation for the year ended March 31, 1958. (*See Appendix "A"*)

Messrs. Bushnell and Henderson were further questioned concerning the finances of the Corporation and asked to prepare certain data for the Committee's next meeting.

Questions relating to production costs, sponsoring and other forms of recovery were asked and in view of the reluctance of the witnesses to produce figures, on the grounds that such information might prejudice the Corporation's competitive position, the entire problem was referred to the Sub-Committee on Agenda and Procedure.

A request that every effort be made to expedite the printing of the Committee's proceedings was accepted by the Chair.

Agreed,—That a Table entitled "Comparison of Gross Payroll to Total Expenditure" be printed as an appendix to today's proceedings. (*See Appendix "B"*)

At 10.55 a.m. the Committee adjourned to meet again at 11.00 a.m. Tuesday, May the 19th.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

FRIDAY, May 15, 1959.
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. This morning we will start with a short statement from Mr. Bushnell which more or less will review one or two points of the last two days' meetings.

Mr. ERNEST BUSHNELL (*Acting President, Canadian Broadcasting Corporation*): Thank you, Mr. Chairman. After reviewing the notes we had taken of the proceedings, particularly yesterday's meeting, I thought it might be useful to comment on one or two matters that may not have been too clearly dealt with.

First of all, I should like to say a word or two on the question of future planning. I think it was Mr. Art. Smith who brought this up. As has been mentioned so many times, the corporation is engaged in providing a five-year forecast in accordance with the requirement contained in section 35 (2) of the Broadcasting Act. I would like to emphasize that the work now being done on this forecast is simply a matter of bringing up to date, in terms of today's economic and technological conditions and in the light of the knowledge of three more years of the development of the national service, the work we did in presenting a similar forecast for the Fowler commission.

I would further emphasize that our operations today, for the past two years and for the coming year ahead, are based on the forecasts that we prepared at that time, and are related very closely to them. I am sure you understand and appreciate that long before there was any necessity to do so because of a statutory requirement, it is, and always has been, our practice to plan well ahead.

Mr. Smith asked how far we attempted to project our thinking in terms of the planning for the future—five, ten, or twenty years. The answer is a very simple one—just as far ahead as developments in a medium as fast-expanding as television can be foreseen.

I might give you an illustration. In the Fowler commission presentation we mentioned the possibility of video tape. Since then there has been a rapid development in video tape; and while we made some forecast as to our possible requirements or potential, we are now faced with something new technologically in the television business. I think it is safe to say that within the next twelve months we will have to provide at least twenty of these video tape recorders—and that would be a minimum—each of which costs approximately \$75,000. So, within a period of three short years, we are faced with an expenditure—if my calculations are correct—of about \$3 million, that was not too well foreseen. If you like, it was envisaged, but we did not know at what time it might be available. At the time of the Fowler commission these video tapes were in the experimental stage. I think this is as good an illustration as any to show you just how quickly this thing can change.

Mr. SMITH (*Calgary South*): Thank you, Mr. Chairman. My question is related to production, but it deals with the same subject. I understand and can appreciate the problems you have. Surely the use of video tape in itself represents substantial savings from a production operation point of view, does it not? Is it not true that the use of tape in the system could, to a very substantial degree, cut down your production charges to something less than one-half in some instances?

Mr. BUSHNELL: That, Mr. Smith, is something on which I could not give you a positive answer. On the other hand, you know we have a delay centre at Calgary; and while it is not cutting down our costs, it is improving our service very much, because of the time zones we have. If we did not have that delay centre in Calgary, people in Alberta and on the west coast would be getting television programs at very inappropriate hours.

Now, you ask about cutting down production costs. That is problematical for this reason; we are not yet sure what attitude the various performers, artists and whatnot will take toward it. Neither are we sure as to what the position of the technicians will be. As you know, at the moment there is a big controversy going on in the United States as to union jurisdiction over the use of video tape. In that respect we may have some difficulty in the future. I think it is a little too early to say.

Mr. SMITH (*Calgary South*): From a technological standpoint it is true that the use of tape will unquestionably facilitate more flexibility in your operations, and cut costs, provided you can work out a basis with your union agreement.

Mr. PRATT: Do you suggest, Mr. Bushnell, that there is more objection on the part of the artists and technicians to the use of video tape than to the kinescope?

Mr. BUSHNELL: Yes, I think so.

Mr. SMITH (*Calgary South*): Have you an answer to my question?

Mr. BUSHNELL: All things being equal the answer is yes.

Mr. PRATT: Why would that be?

Mr. BUSHNELL: Because video tape is so much better than kinescope. May I say this—

Mr. PRATT: They object on the grounds that the quality is better?

Mr. BUSHNELL: No, not that; but actually the use of kinescope was the only way in the beginning by which we could get proper distribution. With video tape, the thing is practically permanently recorded and it can be distributed all over.

Mr. PRATT: So can kinescope.

Mr. BUSHNELL: Yes, but, as a matter of fact, there were not too many people who had the ancillary equipment to use kinescope.

The CHAIRMAN: Gentlemen, I am afraid we are getting too far away from finances and getting into the field of production, which will be our next item. Mr. Bushnell, will you please continue with your statement.

Mr. BUSHNELL: Now, turning to the matter of the presentation of our estimates to treasury board. We had considerable discussion on this yesterday and I would like to come back to it by saying that, once the corporation has prepared its budget estimates for a given year, they are carefully discussed with officials of treasury board. Since, as has been mentioned, we are a crown corporation under schedule D of the Financial Administration Act, as such, using the public funds of Canada, we must demonstrate to the appropriate department of the government our needs for these funds and the manner in which we intend to spend them. We welcome the opportunity to discuss the details of what we are planning to do and to justify any increases over a previous year's spending to these officials, so that they may be fully informed prior to our estimates being presented to parliament.

Turning to a question of yesterday, I believe it was asked by Mr. Fisher, who wished to know whether or not the corporation had found it necessary at any time during the last ten years to go back to parliament to have supplementary estimates approved for its operational needs. The answer is that

the corporation has never applied for supplementary estimates, although supplementary estimates were voted in 1956-57 when our main estimates were delayed due to the work being done for the Fowler commission, and again in 1957-58 when our estimates which had been supplied by governor general's warrant were confirmed by supplementary vote.

I think it was Mr. Bell who asked the question yesterday as to what effect the labour dispute in Montreal had on our revenue and expenditures. While the full financial implications of this dispute are not yet available, preliminary indications are that, generally speaking, what we lost in revenue we made up in savings on expenditures. Obviously we lost considerable revenue by virtue of cancellation of some television productions and, correspondingly, we saved considerable on the expenditures which were not made on these cancelled programs.

Mr. Chairman, might I file with you another statement that was asked for by Mr. Arthur Smith? The statement is the income and expenses, a comparison of them, for the year ended March 31, 1958. I believe those are available, or have they been distributed?

The CHAIRMAN: They are being distributed.

Gentlemen, do we have an agreement to print this report as an appendix in the record of these proceedings?

Agreed.

(See Appendix A).

Mr. BUSHNELL: I would like to clarify that statement. This is the comparison you asked for between the program costs and operating costs.

The CHAIRMAN: Mr. Pickersgill, please?

Mr. PICKERSGILL: The first question I would like to put to Mr. Bushnell was, in part, anticipated by his statement. He told us, if I understood him correctly, that as far as future planning was concerned, what the corporation had been doing in the last year or so and particularly recently, was to bring up to date those forecasts which were made by the C.B.C. at the Fowler commission.

The first question I would like to put is this: is it possible to make a forecast of capital expenditure for this five-year budget in any realistic fashion at all without at least making concurrently, if not in advance of that, a forecast of operating expense?

Mr. BUSHNELL: Probably I did not make that too clear when I spoke about it before.

Actually, I think I said that operational expense to some extent depended and was predicated upon the amount of capital available for the construction of studios, the purchase of new equipment, and that sort of thing.

Mr. PICKERSGILL: It seems to me—and I put it in the way of a statement because it is easier to contradict it than when framed as a question. It seems to me that in determining a capital budget you would have to have first some idea of whether you were going to be able to use the capital you were going to acquire.

That would be predicated upon a certain conception in advance of what you would be able to get for operating expense, and I think you made that pretty clear.

I see Mr. Smith looking at the original statement; and that is the impression I got from your original statement to us. Is that correct?

Mr. BUSHNELL: Yes, I think that is substantially correct.

Mr. PICKERSGILL: There should be available at the time—whether it would be available to the committee or the public, is another matter—but in the

corporation next November, when you have your five-year capital budget, there should also be available a five-year projection of your operations.

Mr. A. M. HENDERSON (*Comptroller, Canadian Broadcasting Corporation*): There will be. We are required under the act to file along with the five-year capital budget, a statement showing the incidence of this, if you will, on the operating expense to us as a practical matter. That means a five-year forecast of operational expenses and operational costs, because of the impact of what we plan in the capital budget, exactly as you say. Operational-wise the two will travel along together.

Mr. PICKERSGILL: It seems to me, sir, that what was in the mind of the Fowler commission when they pointed out—and I am not going to take the time of the committee to read it, but it is pages 276 and 277—that what really could be, should be, and ought to be forecast was operating expense, and in view of the technological changes it was not very realistic to try and make these capital budgets five years ahead. The act is the exact antithesis of the recommendations of the Fowler commission, as we pointed out in the debate.

An Hon. MEMBER: In your interpretation.

Mr. PICKERSGILL: Facts are facts, whether I interpret them or somebody else does.

What I am trying to get at is this, in preparing a five-year operating budget—which the comptroller told us has to be done before you can prepare anything like a serious capital budget—what, do you start on as your base?

The Fowler commission, in its recommendation, said there should be a fixed sum for six years ahead, so the C.B.C. would know what it was doing and have some terms of reference in the act. It has none.

All you know is, you can go and submit a budget to the Minister of Finance each year, and he may approve that or he may cut it down. There is no guide line at all, it seems to me.

How are you going to meet this problem?

Mr. BUSHNELL: Mr. Chairman and Mr. Pickersgill, we do not anticipate very much difficulty in meeting it. When we plan ahead we take this year's figure, with regard to the amount of money that we have spent. In our plans we expect to be able to say so much next year, and the year after. That is all laid out. So far we have not met with very much difficulty.

I am bound to admit that probably the other arrangement that was suggested by the Fowler commission might have been a better one.

Mr. PICKERSGILL: My views on that subject are well known.

Mr. SMITH (*Calgary South*): We are examining the witness' and not you.

Mr. PICKERSGILL: Quite, I quite agree; but what I am trying to find out is, in default of that objective standard, in default of something known over a period of years—which the Fowler commission pointed out in their view was essential to the independence of the corporation—have you from the government any assurance you can at least count for a number of years ahead on the amount you have this year?

Mr. BUSHNELL: I think that is a question you might well ask the government. I cannot tell you.

Mr. PICKERSGILL: I think so too.

Mr. PRATT: Mr. Chairman, Mr. Henderson has already pointed out that this is the fastest growing medium in the world, and it has changed so rapidly it would be very difficult to forecast the operating budget for that length of time; and, while the operating budget does bear some relation to the capital budget, nevertheless it is a varying relationship.

Mr. BUSHNELL: I think you are quite right. It is like any other business: you must start with your operating budget, but your capital budget in your books is an entirely different thing.

Mr. SMITH (*Calgary South*): May I ask, Mr. Chairman, of Mr. Bushnell if this point has been regarded as a serious one, and does it present any obstacles. Have you received any recommendations from your directors, or has there been any opposition of which you are aware?

Mr. BUSHNELL: None that I am aware of.

Mr. PICKERSGILL: I would like to go back to a question which I do not think was answered before. You have termed it your forward planning. Presumably, you are already thinking now of the budget you are going to submit. I am not talking about the five-year budget, but the operating and capital budget for the year 1960-61, which will have to be approved by treasury board some time in November. How do you go about preparing that? What do you start with as a base figure? Have you any assurance? We know we are going to have a colossal deficit. Are you going to have to bear part of that deficit?

Perhaps I could elaborate my point by saying that when Mr. Harris became minister of citizenship and immigration and took charge of the National Film Board—and that is a government agency—he said this. “You have so much money. I will tell you what I recommend”—and he carried this through for the period that he was in: when he became Minister of Finance, “I tell you this so you can do your forward planning,” and I confirmed it when I succeeded Mr. Harris. “You will not get any more for your operating for the next five years, except to meet some unusual situation that cannot be foreseen now.”

You can count—as far as we can possibly commit ourselves—on three or four years of planning to have a particular budget annually, but you are not to plan any more; you have to cut your quota according to your cloth. Have you any such indication from the present government?

Mr. BUSHNELL: No, I take it you are suggesting that Mr. Harris and probably yourself put a ceiling on the expenditures?

Mr. PICKERSGILL: No, we indicated that they should not fall below a certain floor.

The CHAIRMAN: Did you do that in writing?

Mr. PICKERSGILL: No, but it was stated in parliament.

Mr. SMITH (*Calgary South*): Perhaps I might read the section which has been referred to; it is section 35 subsection 2 of “an act respecting broadcasting”, chapter 22, and it reads as follows:

(2) Within one year after the coming into force of this act and every fifth year thereafter the corporation shall submit to the minister and the Minister of Finance for submission to the governor in council a five-year capital program proposed by the corporation together with a forecast of the effect of the program on the corporation's operating requirements.

May I suggest that this provides exactly the stop-gap on one hand, yet it gives flexibility to the corporation to proceed in its operations over a foreseeable period which would satisfy the types of media with which you are dealing. Surely there is the fact that this leaves with the governor in council, which is in turn the people of Canada, the whole question of determining the final expenditures; and I think this is where it is properly placed.

Mr. PICKERSGILL: My question is still unanswered. I was not talking about a five-year budget at all. I was talking of an annual budget, and what

the guide-lines were; what assurance the corporation had that in 1960-61 it would get as much as it would get in 1959-60. I think Mr. Bushnell said that they had no assurance whatever.

Mr. BUSHNELL: We have no iron clad guarantee, but we have high hopes and every expectation of getting it.

Mr. PICKERSGILL: Mr. Harris and I gave an assurance, as far as any government could give it, because no government can give it; it has to be voted by parliament. This government is in a pretty good position to carry out an undertaking like that, yet you have no such assurance.

Mr. BUSHNELL: No.

Mr. PRATT: Mr. Pickersgill wanted to maintain a status quo.

Mr. PICKERSGILL: I wanted to maintain the independence of the C.B.C., and that is the corporation which is operating under the present statute. I am not blaming the officers at all; but under the statute the corporation is completely under the thumb of the treasury.

Mr. SMITH (*Calgary South*): That is absolutely wrong, Mr. Chairman.

Mr. SIMPSON: Mr. Chairman, this may not be the time to bring this question into the picture, but seeing that we are—

The CHAIRMAN: Is your question in any way related to the financial aspect, Mr. Simpson?

Mr. SIMPSON: My question is on the financial aspect because it has relationship to extended services. Seeing that we are on this five-year planning, concerning which the hon. member has said that he was only asking a question about this year's budget, I think it might be the time for us to have a look at information in relation to the ten per cent of the people who are not presently serviced by C.B.C. television.

The CHAIRMAN: Might I ask that you be good enough to hold that last question until we get into production and extension of services, and that type of thing?

Mr. SIMPSON: That will be quite all right, but I think it does tie in with this question.

The CHAIRMAN: I realize it ties in with the five-year capital budget, but we will be coming back to it.

Mr. FISHER: I do not want a qualitative answer, but I would like to ask Mr. Bushnell this question: despite the change, does he notice, as far as financing is concerned, any really revolutionary difference since the change of government?

Mr. BUSHNELL: No.

Mr. PICKERSGILL: My question is this: in the days when the C.B.C. had revenues which were not under the control of the government, that is, up until 1956 when it had the revenue from the excise tax, and under the Massey report, revenue which went directly to the C.B.C. and which it could spend as its board of governors determined, the corporation was really independent.

Now, as you have told us, it has to be discussed with treasury officials and tailored to some degree to their views and ultimately to the views of their minister. That is what I meant by saying that the corporation was under the thumb of the minister. As I was about to say, Mr. Pratt says this is a growing medium, and Mr. Simpson says there is a demand for services in the outlying regions. I quite agree with them. But what sort of policy do you have? How do you try to figure out how much more you are going to ask for each year?

Mr. BUSHNELL: That is very simple, as to how we figure it out. I do not want to go into a long statement at the moment, but as I have tried to indicate,

we have in mind definite plans for the next five years. In other words, we operate basically from the kind of service that we want to give to the public. That is number one.

It might include an extension of programming services, let us say, in the farm broadcast department, or it might mean an extension of services—and I am sure Mr. Jennings will touch on it—in school broadcasting. We have all these things in mind. They are all put down on paper right now, and they are planned for the future.

Mr. PICKERSGILL: When I planned my budget for the next year I had a fair idea—or at any rate an idea—of the maximum I was likely to get; and I knew that if I spent too much on one thing, I just would not have it to spend on something else. That is what the Fowler commission suggested should be the position of the corporation; but it is not so. You have no upper and no lower limits in the act. How do you decide what next to ask for? What is the degree of control upon you? You say that the government gives no indication one way or another. Do you know what you are likely to be able to get?

Mr. BUSHNELL: I do not think that we have ever known what we were likely to get, from the very beginning.

Mr. PICKERSGILL: You got \$1 million from the Massey commission.

Mr. BUSHNELL: All right. That was the only thing we were guaranteed, but we did not know what the revenue from the sale of receiving sets was going to be.

Mr. PICKERSGILL: Last year it was a good deal higher.

Mr. BUSHNELL: We were away out there, because the development of television was a great deal faster than we anticipated; so that for the first three or four years we had a surplus.

Mr. PRATT: Mr. Pickersgill seems to be trying to solve this problem by putting it on a five-year basis instead of on a one-year basis.

Mr. SMITH (*Calgary South*): Some of us seem to be making a lot of assertions, and I suppose one final one will not do any harm.

We have a situation, as we have it expressed here, with a medium which has to be treated flexibly from the production standpoint, and the question of maintaining costs within a certain normal period of time. This presents problems. We have section 35 which has been referred to, and which suggests that those costs be dealt with on a five-year basis.

Mr. PICKERSGILL: But only the capital costs.

Mr. SMITH (*Calgary South*): It is also related to operating expenditures. We too have read that section, and I would point out that where you have a growing deficit—I do not like the word deficit, but where you have an excess of expenditures over income—and it is becoming increasingly greater every year, it seems to me a very good safeguard to have some authority in government to determine, from one five-year period to the next, where the limitation on this expenditure is going to begin and end. I think that is exactly the reason why this was covered in the act.

Mr. HORNER (*Jasper-Edson*): Mr. Chairman, just to clear up the basis of this, I would like to ask Mr. Bushnell if, in his opinion, the C.B.C. since its inception has not had a close relationship to the treasury of Canada, in that they were making current loans even when the C.B.C. had their own revenue, and so on. I suggest they were always intimately connected with the government in power with regard to their financing.

Mr. BUSHNELL: So far as I know, that is the case.

Mr. HORNER (*Jasper-Edson*): Would you not say also that in the development of television you were again intimately connected with the government

in power at that time as to how much money you were going to spend on capital and the development of television at that time?

Mr. BUSHNELL: Yes, obviously.

Mr. FISHER: Mr. Chairman, I just want to ask a question for information, sort of ahead of the kind of question Mr. Simpson is going to ask. Could you have prepared for this committee your figures on what you estimate is the maximum cost, say per household, for both radio and television in so far as the extension of service to the hinterland area is concerned?

That seems to me to be very important in any discussion of the kind that is going to be brought up later. Would you have those figures—the way you were appraising this in the five-year forecast?

Mr. BUSHNELL: Are you asking if we have them, or whether we will have them?

Mr. FISHER: Whether they will be available.

Mr. BUSHNELL: Yes, indeed they will.

Mr. SIMPSON: Following along that line, possibly we could have charts and maps available for the unserved areas in relation to the areas that are now serviced.

The CHAIRMAN: That would be quite a job, I suggest, because there are about 90 areas, are there not?

Mr. SIMPSON: Maybe we could have one or two big maps.

Mr. FISHER: I think it is an excellent idea, because I think a visual presentation of this hinterland problem to the members of this committee who do not have hinterland areas might be very educational.

Mr. BUSHNELL: It will take a little time to prepare something that actually would be of very great value, but we will certainly try. I am sorry that Mr. Richardson, our director of engineering, is not here today.

Mr. FISHER: That is another request I wish to make in this regard. Could we have Mr. Richardson here some day to explain the technical aspects of this extension of development?

Mr. BUSHNELL: Yes, by all means.

Mr. MCQUILLAN: Mr. Chairman, I was also going to ask for a map. I have a feeling that perhaps the C.B.C.—especially the television service—does not cover as large an area as they think it does, or as they contend it does.

The CHAIRMAN: I think that Mr. Bushnell could possibly supply one large map, and we might visualize it on that.

Mr. MCINTOSH: In regard to the policy of the C.B.C. for these hinterlands, is it the policy to pass the servicing of these hinterlands to private stations to see if they can make it pay, and the C.B.C. to carry on in other areas where the private stations could not operate?

Mr. BUSHNELL: Yes.

Mr. PICKERSGILL: On that very point, Mr. Chairman, I was going to ask when they arrived at this capital budget. I am very much interested in the hinterland itself, because three-quarters of my constituency is not covered by the present television facilities.

Mr. SMITH (*Calgary South*): If it had been, you would have done much better.

Mr. PICKERSGILL: I would have got all the votes, instead of 75 per cent.

Mr. FISHER: That is a declaration of war.

Mr. PICKERSGILL: No, peace. To be serious, this point has puzzled me about—and this is partly as a result of an answer given to Mr. Fisher yesterday—the extension of services. All these capital expenditures connected with

the extension of services geographically obviously depend upon a decision that the C.B.C. cannot make; it is a decision that the board of broadcast governors is going to make, as to which of those areas will be served by private stations and which will be served by the C.B.C.

It seems to me that it is going to be quite unrealistic to produce any kind of five-year capital budget in this field. I am not talking, of course, about capital improvements in existing facilities that are not going to be changed, but in all this area in which the board of broadcast governors has made some fundamental decisions. I was wondering if there had been any discussion yet about the division of this field, about how much of it was going to be privately developed and how much of it was going to be publicly developed. Have the C.B.C. had any discussion with the board of broadcast governors on that?

Mr. BUSHNELL: Yes, we have.

Mr. PICKERSGILL: Do you feel that that will be pretty well settled before you produce your capital projection next November?

Mr. BUSHNELL: Certainly there will be a very large measure of understanding and agreement between our board of directors, management and the board of broadcast governors. There again, I think it would be very difficult to predict, or try to predict, just where applications for private stations are going to come from. But there is a very large area of flexibility in our capital budget. In other words, if we were planning on putting in a station—

Mr. FISHER: At Kapuskasing?

Mr. BUSHNELL: No, not at Kapuskasing.

Mr. PICKERSGILL: Grand Falls or Gander?

Mr. BUSHNELL: All right, Grand Falls or Gander, or my own home town of Omamee. I wanted to get that in.

Mr. McCLEAVE: Can you spell that, Mr. Bushnell?

Mr. BUSHNELL: Yes; O-m-e-m-e-e.

The CHAIRMAN: In the township of Ops.

Mr. BUSHNELL: That is correct. If we were planning on putting in a high power station, or a medium power station—I would not say a relay station, because if we are putting in a relay station, it would not be the right place for a commercial station: at least, we would not imagine it would be the right place for someone to spend half a million dollars in the installation of a private station—and someone else came along and said, "We will do it," we would say, "All right; let us have a look at it," and we would then be able to determine how much it would probably cost us to connect that station. There is a great deal of movability and flexibility there.

Mr. PICKERSGILL: In that context, Mr. Chairman, I would like to ask Mr. Bushnell this question: has the C.B.C. formulated any views on any place? Take Gander, Grand Falls, about which I have heard something: I understand that there is at least one private company that is interested in that area. I have also heard that there is a good deal of desire on the part of the community to have the C.B.C. go there.

Have you any views about places like that, where a private company is willing, where it is to the advantage of the national service, taken as a whole—

Mr. SMITH (*Calgary South*): Mr. Chairman, are we still on finance?

The CHAIRMAN: Could we please get back to finance?

Mr. PICKERSGILL: It is on finance; it is a question of whether it is private money or public money.

The CHAIRMAN: I realize all that; that is exactly the point I cut Mr. Simpson down on. We will come back to that.

Mr. FISHER: Leave it to another day, Mr. Chairman.

The CHAIRMAN: We will have to leave it to another day; it is a quarter after ten right now. Are there any other questions strictly related to finance? For example, I am not too happy about decentralization.

Have you found, Mr. Henderson, that your original decentralization of accountancy, for example, is in your estimation, paying off as it should; or do you think that you should discontinue the decentralized aspects of accountancy and get it all back in one area? Do you feel it is costing you more money, with your IBM equipment, and so on?

Mr. HENDERSON: With some reservations, sir, I think the decentralization—as I stated in my remarks yesterday—is paying off in the accounting field, because you always have to have your accounting right next to your operations. So long as our operations are divided up into regions, as they are, across 4,200 miles, I feel much happier having the accounting of the C.B.C. right next to them, where statements and accounts go out and come right back to the same place.

The CHAIRMAN: Then you are happy the way it is?

Mr. HENDERSON: Yes.

Mr. McINTOSH: Suppose the C.B.C. did start a station in one of these areas and there was an offer made by a private concern to purchase that station after it had been operating, what is the policy of the C.B.C. in that regard in respect of replenishing its capital?

Mr. BUSHNELL: That is something which has never come up so far. I would have to bring that up with my board of directors. I do not know what the policy would be.

Mr. SMITH (*Calgary South*): I think this question falls within the area of finance. You have spoken of the relatively small area of Canada which as yet has to receive television coverage. In projecting your program planning for some years ahead you will undoubtedly provide these facilities. This question of income and expense, however, may become higher; unquestionably it will, the forecast indicates that. Do you ever foresee the day when the C.B.C. will act as a producer of shows and then, in agreement with the private stations, turn over the assets of transmission to private industry and, under regulation of the B.B.G. act as a producer of shows and gradually leave the transmission business as such?

Mr. BUSHNELL: Are you asking me if I have ever foreseen that? Do I foresee that?

Mr. SMITH (*Calgary South*): Yes?

Mr. BUSHNELL: I do not.

Mr. SMITH (*Calgary South*): You intend to stay in the business competitively, without any exceptions whatsoever?

Mr. BUSHNELL: I do not think that is actually for us to determine. As far as the corporation is concerned, however, I have never heard it suggested that we should get out of the transmission field.

Mr. McCLEAVE: That view has been put forward before some royal commissions.

Mr. SMITH (*Calgary South*): The suggestion has been that you act as a producer of shows rather than as a competitor of private broadcasting.

Mr. FISHER: One of the outstanding features of the Fowler report was a clear indication that the revenues for private stations—this is in respect of radio but the indications are it would extend to television—were extremely

lucrative. I believe one of the suggestions here is that you are going out for more of that business, which would seem to be going into the area of the private stations. Can you go for more income from these sources without overlapping into the field of the private stations and their sources of income?

Mr. BUSHNELL: We are certainly going out after more business. We have been going out after more business since the Fowler report was tabled in parliament. I am speaking particularly of radio. Up until that time we were limited in what we could do because of the recommendations of the Massey commission. I think, however, it is safe to say that even with the extra effort we put into selling advertising on radio, as far as I am aware, we have not done very much harm to any private station. We have gone out and obtained new business. We actually have got clients to spend more money. We have not taken anything away from the private stations. Right from the very inception in television we have been most aggressive in selling. We intend to continue along that line.

Mr. FISHER: That is fine. I heartily approve. I wish to move a bit further. It has been your practice to supply both radio and television programs to private stations across the country which are on your networks. If those programs are commercial programs, they receive certain revenue.

Mr. BUSHNELL: Yes.

Mr. FISHER: And you provide to them free of charge the actual package. Is that right? I mean free of charge to the stations?

Mr. BUSHNELL: Yes.

Mr. FISHER: The problem on which I wish to touch is that the B.B.G. has power to enforce on the stations certain powers in so far as the amount of advertising they may use is concerned and the amount of local telecasting and broadcasting they will originate. To your knowledge did it ever come into the mind of the C.B.C., when they had the regulatory control, that they could bargain, with regard to the provision of these free services which they were supplying, in order to force these private stations to do either more local telecasting or to give up some return in respect of the spot advertising revenue they were picking up from your programs?

Mr. BUSHNELL: Mr. Fisher, if I may say so, I believe that question is one which I would like to have you ask the board of broadcast governors. I do not know what is in the minds of the board of broadcast governors at the moment.

Mr. FISHER: I suppose it is not fair to ask for a rehash of the past.

The CHAIRMAN: What would we attain if you did?

Mr. FISHER: I just want to know whether or not the idea ever was considered to be practicable?

The CHAIRMAN: In those days, Mr. Bushnell, was it not done to a degree?

Mr. BUSHNELL: I take it, Mr. Fisher, that you are saying because we provide, if you like, a package containing commercial programs and non-commercial programs that we should then seek some part of the revenue of the private stations in return for that sustaining service. Is that correct?

Mr. FISHER: Yes.

Mr. BUSHNELL: Then may I suggest to you that actually what is happening is that the private stations are carrying the non-commercial programs at no cost to us, other than the cost of distribution, and we feel that is a pretty good quid pro quo.

Mr. FISHER: That is what I wanted to find out.

Mr. McCLEAVE: I have some questions on the general theme in respect of the ability of the C.B.C. to raise money for its own operations. These

questions are concerned with the radio side. Would Mr. Bushnell acquaint us, in general, with how much revenue is being raised commercially by the C.B.C. in its radio operations? Would he also tell us whether the sales people whom the C.B.C. has are paid by commission or by salary?

Mr. BUSHNELL: I am not in a position to give you the exact figures in respect of part one of your question. I am, however, in a position to answer part two. All our sales people are paid by salary only, and not by commission.

Mr. McCLEAVE: Do you think there might be some virtue in examining the idea of putting them on commission?

Mr. BUSHNELL: It may well be. It has been considered from time to time.

Mr. McCLEAVE: It could be tried even in one area as an experiment.

Mr. BUSHNELL: There is no question about it; it is worth considering.

Mr. SMITH (*Calgary South*): Yesterday when I asked Mr. Bushnell whether or not he was concerned over the fact that the corporation was not recovering the full percentage of the revenue in respect of commercially produced programs, he was kind enough to suggest he might provide us with an explanation of this situation. At least, that is what I understood.

I do not wish to ask you to provide us with a large amount of unnecessary statistics, but I imagine you would have readily available the costs, for instance, in respect of the General Motors theatre. I am thinking that often we hear of the tremendous cost of producing a television show. I would like you to give us some comparison between similar productions in Canada and the United States. I understand you actually import about 50 to 55 per cent of these productions. I think these cost figures would be interesting. Could you give us that comparison; would that be possible?

Mr. BUSHNELL: Mr. Smith, I think I went a little bit far yesterday in saying I would provide charts for you. On reflection, because of the highly competitive situation that we are in, I would prefer not to give you specific figures for any specific program. I think that would be unfair, and I think you would agree with me that it is; but I think that we can tell you in pretty clear terms just what the policy is and I would be prepared to do that—probably at our next session.

Mr. SMITH (*Calgary South*): Frankly, Mr. Bushnell, I am very concerned with the suggestion that you are recovering in some instances, as I have been told, only 20 per cent of a commercial production; and it seems to me when we are talking about revenue methods by which we can improve the financial position, this might be one method of doing it.

The CHAIRMAN: Would you be satisfied, Mr. Smith, if Mr. Bushnell gave us a cost breakdown of a typical one-hour television show? There are not too many of those.

Mr. FORTIN: That is the information the public wants to know.

Mr. SMITH (*Calgary South*): Could we have, say the cost of the General Motors show. I would like to know the costs which are charged to overhead and the general breakdown of the cost of operation. If you feel this is something which would interfere with your operations, I would not push my request.

Mr. PICKERSGILL: In connection with the point which Mr. Bushnell has raised, I think we should give very careful consideration to whether the C.B.C. should not be treated in the same way as the Canadian National Railways. I think if Mr. Bushnell would take five or six of these—whatever number he thinks—and average them, it would create sufficient anonymity and that would not be unreasonable; but to take any one is going quite clearly to create a problem. Now that the C.B.C. is expected to be in competition with private stations, who are not going to be asked for this information, I do not think it is fair to ask for those figures.

Some hon. MEMBERS: Why?

Mr. PICKERSGILL: For the same reason we did not ask the Canadian National Railways for it. Mr. Meighen laid down the rule, which everybody has accepted, that if the crown was going to be in these types of operations, this is the kind of information that is of value to the competitors, and it is not in the public interest to give it. I feel this is an important principle on which we should not push Mr. Bushnell.

The CHAIRMAN: I will hear a few more members on this matter.

Mr. PICKERSGILL: As a privilege to me, Mr. Chairman, could I—

The CHAIRMAN: Do you wish to complete your statement?

Mr. PICKERSGILL: I just wanted to say I have to leave the committee and there was one question I would like to put so I could have an answer at the next meeting. I was wondering if at the next meeting the comptroller could give us a detailed explanation of this new policy of separate accounting for the individual stations. I think that is a very progressive thing. This ought to give us a better control of expenditures and I would like to be told how it works.

Mr. McCLEAVE: I am in the same position, Mr. Chairman. I would appreciate it, if you could bring back at a later time the amount of commercial revenue obtained by the C.B.C. on its radio operations.

Mr. FLYNN: I would like to have the breakdown between radio and television for the last five years.

Mr. HENDERSON: The breakdown is available for the year ending March 31, 1958. It is set forth at page 30 in the annual report, which you have in front of you. There, you will see the commercial revenue derived from both services.

Mr. FLYNN: Is that the average for the last five years? I think you mentioned yesterday the figures for 1953.

Mr. HENDERSON: The figures for 1954 were in the table I gave, but there I had them grouped together. It would be a simple matter to provide you with a sheet of paper showing the figures for five years. I will prepare that information for the next meeting.

Mr. McINTOSH: I would like Mr. Bushnell to qualify his statement that he did not think it would be fair, rather than have someone else in the committee qualify, as has been done.

The CHAIRMAN: I was going to suggest, gentlemen, that we consider that point at our subcommittee meeting, and I hope the members would be kind enough to be governed by the decision of the subcommittee. Will that be satisfactory?

Mr. SMITH (*Calgary South*): Yes. May I perhaps say, for the benefit of the committee, why I am interested in this material. As I said initially we heard references to the tremendous costs—and unquestionably they are—for producing these various shows. I am interested to know just how competitive the C.B.C. is and, keeping in mind the quality of the show we are getting, whether or not they are being produced having regard to the matter of costs. The only way to find that out is to have an example. Also, I feel, sir, that it would be interesting to have the percentage that is charged off to administration expenses, and any other such costs. That is my purpose.

Mr. BUSHNELL: So we will have the record clear, I should say that at this moment there is not any television show on which the corporation pays anything like 80 per cent of the cost. You mentioned the figure 20 per cent.

Mr. SMITH (*Calgary South*): That, Mr. Chairman, was in a completely different context. I am talking now in connection with the costs of the show. When mentioning 20 per cent as a figure, in connection with the recovery

of costs for producing a show commercially, I had in mind that often the C.B.C. did not obtain anything like the value for the show when they sold it; in fact, in some instances I think they obtained as little as 20 per cent.

Mr. BUSHNELL: That is not true.

Mr. SMITH (*Calgary South*): Will the percentage of what they may have recovered be made available to us in say half a dozen shows?

The CHAIRMAN: May I again suggest that all these requests be taken up with the steering committee.

Mr. FLYNN: Will it be possible then to have the production cost of sustaining programs?

Mr. BUSHNELL: I think we could give you a very good illustration of that, yes.

The CHAIRMAN: That is of TV, do you mean, or radio?

Mr. FLYNN: Television and radio.

Mr. BUSHNELL: Yes, we could give you a good cross-section.

The CHAIRMAN: Is there any particular show you have in mind which is not competitive?

Mr. FLYNN: I have several, but some of them, I understand, Mr. Chairman and Mr. Bushnell, are produced for a while on a non-commercial basis, and then later on they are sold.

Mr. BUSHNELL: That is right.

Mr. PRATT: Mr. Chairman, is there any particular reason there should be less secrecy about a sustaining show rather than a big star show?

Mr. BUSHNELL: Do you mean a commercial show?

Mr. PRATT: Yes.

Mr. BUSHNELL: I think there is and I do not want to prejudice the thinking of the committee, or your subcommittee, but the simple fact is we are in a highly competitive business. And right at this stage I am trying to make our reservation clear. Mr. Smith has mentioned General Motors, and would like to know what percentage of the cost of the General Motors Theatre, General Motors pays.

Mr. SMITH (*Calgary South*): That is just one of my questions.

Mr. PRATT: I would like to remind Mr. Bushnell that we are also in a rather competitive business.

Mr. SMITH (*Calgary South*): What is that?

Mr. PRATT: Members of parliament.

The CHAIRMAN: I think Mr. Smith is trying to find out, do the taxpayers of Canada subsidize advertisers such as General Motors of Canada?

Mr. SMITH (*Calgary South*): That is the point.

Mr. FLYNN: When Mr. Bushnell says they are in a highly competitive field, it seems a strange thing that most of the private TV stations seem to be operating with profits, whereas the C.B.C. is operating with a deficit of \$60 million a year.

Mr. PRATT: In fairness to the C.B.C.—

Mr. FLYNN: I mean, on a competitive basis.

Mr. PRATT: Would Mr. Bushnell think it feasible for private stations or private networks to maintain the standard of live productions and still be in the black?

Mr. BUSHNELL: No, definitely not; that is my personal belief.

The CHAIRMAN: Mr. Simpson, please?

Mr. SIMPSON: In relation to the cost of these programs, we are talking about—or Mr. Bushnell was talking about—being in a highly competitive business, that of producing these commercial programs.

In respect of programs, say, that are produced by the C.B.C. and are put on the air without any commercial backing behind them, what would be the reason for not being able to get the costs of those?

Mr. BUSHNELL: We could do that, Mr. Simpson.

Mr. SIMPSON: I mean, programs that did not have any commercial sponsor.

The CHAIRMAN: Have you any one particular program in mind, Mr. Simpson, that you would like to ask about?

Mr. FORGIE: "Front Page Challenge".

Mr. SIMPSON: No, I have not, but somebody suggested "Front Page Challenge" as one.

Mr. BUSHNELL: "Front Page Challenge" is sponsored, of course.

Mr. FISHER: What about "Folio"—sort of, the high and low of Folio?

The CHAIRMAN: That would be interesting.

Mr. HORNER (*Jasper-Edson*): With a comparable program that is on.

Mr. SMITH (*Calgary South*): May I ask a question in connection with auditors? I wonder if I might ask Mr. Bushnell who are the company auditors? Are they still P. S. Ross & Sons?

Mr. HENDERSON: No, the Auditor General of Canada.

Mr. SMITH (*Calgary South*): Do you have any private auditing at all?

Mr. HENDERSON: No, except the internal audit department of my own, which I mentioned yesterday.

Mr. SIMPSON: I think the question I am trying to get at is this. In relation to these C.B.C. shows, even the ones that are sponsored and have commercial revenue coming in, could we not get the cost of them to the C.B.C., even in some cases if we leave out how much the sponsor has to pay to produce those? I mean, the actual cost of production. Those would not be on a competitive basis?

Mr. BUSHNELL: Actually, I am not quibbling on this point. We could provide that, but it is very easy to identify particular programs with a sponsor; and I do not think I have yet made my point quite clear. I spoke of General Motors. Their program costs so much. It is an hour of drama. They have two or three competitors, and their programs cost so much.

I do not actually think that, from a straight business standpoint it is, if I might use the word, "ethical" to put on the public record, or to state publicly just how much each of those companies is paying the C.B.C. vis a vis the others.

Mr. SMITH (*Calgary South*): Would you agree to having these companies—not hypothetical ones, and not averages—but would you agree to giving five or six productions such as this, without naming the fact it was General Motors, or someone else, which actually sponsor them?

The CHAIRMAN: Productions A,B,C and D etc?

Mr. SMITH (*Calgary South*): Yes. Not hypothetical ones, but without actually giving their identity.

Mr. McINTOSH: Mr. Chairman—

Mr. SMITH (*Calgary South*): May I have an answer to that question first?

The CHAIRMAN: Mr. Bushnell, would you like to answer Mr. Smith?

Mr. BUSHNELL: Mr. Smith, I still have some reservation about that because I do not think it would be very difficult for you astute gentlemen to identify productions A, B and C with a definite company.

Mr. PRATT: How about some company's show no longer on the air?

The CHAIRMAN: Just a moment, Mr. McIntosh. Do you want to answer that, Mr. Bushnell?

Mr. BUSHNELL: We have not lost too many advertisers, and I do not know whether we could.

Mr. PRATT: That is not what I hear in the business. The world is full of performers who no longer have a show on the air.

Mr. BUSHNELL: Let us not get into performers. You can ask Mr. Jennings about that.

The CHAIRMAN: Mr. McIntosh, and then Mr. Jung.

Mr. MCINTOSH: Surely, the public of Canada is entitled to know how much they are losing on certain shows. We are not interested in those who are paying their way, but if there are some shows losing, is the public not entitled to know how much they are losing?

Mr. BUSHNELL: We can provide very good illustrations. You have heard my reason, and I think it is a very good reason.

Mr. MCINTOSH: Your reason is all right for those paying their way.

The CHAIRMAN: Gentlemen, may we leave that aspect up to the subcommittee?

Mr. JUNG: My question has to do with a matter of interpretation. I am not quite sure what is meant when we say "competitive". Do you mean "competitive" among private firms wishing to put on a television program, coming to the C.B.C. and asking you to put on a show for them, in comparison with what private television stations could do for them?

Mr. BUSHNELL: No, I refer to "competitive" in the sense of being competitive, if you like, between motor car companies, or soap companies, but not as between the C.B.C. and private stations.

Mr. FORTIN: This question will be put to the subcommittee, but I want to make my position clear. I am not ready to accept the decision of the subcommittee because the point which we cannot get this morning is one which interests the people, and they want to know about it.

Mr. FISHER: What is it that the people want to know?

Mr. FORTIN: The people want to know how much a production costs.

Mr. RICHARD (*Ottawa East*): Not any particular production, but "a" production.

Mr. FORTIN: That is right.

Mr. SMITH (*Calgary South*): A minute ago I asked if P.S. Ross and Sons were the auditors, and you quite correctly said that they were not. They have done some internal examination of the financial operations of the corporation, have they not?

Mr. HENDERSON: They were employed as consultants to examine the accounting picture, to which I made reference yesterday; and they were employed prior to when the Fowler commission got under way. I believe they concluded their work in the Spring of 1958.

Mr. SMITH (*Calgary South*): What type of examination was this? What was its purpose?

Mr. HENDERSON: It was an examination of the practices and methods of the entire system. The subjects which were required to be taken up, as the chairman queried a little earlier, were the establishment of cost rates, criteria to be employed and rearrangement of staff. They worked very closely with us. Possibly they used the staff of the corporation. It was a standard type of approach as is usually employed in work of that type.

Mr. SMITH (*Calgary South*): Would this report or its conclusions be available to us?

Mr. HENDERSON: We have a copy of their report.

Mr. SMITH (*Calgary South*): Might I suggest that it would be of interest, and a form of document that the committee should have an opportunity to look at.

Mr. HENDERSON: The report is the one which they furnished to the corporation on the conclusion of their work. It is not detailed.

Mr. SMITH (*Calgary South*): It is not in any way restricted, Mr. Chairman?

The CHAIRMAN: No.

Mr. SMITH (*Calgary South*): May I ask if this was not the same firm which acted as the financial advisers to the commission?

Mr. HENDERSON: No, they were not. One of the partners, a Mr. Guy Hoult, was employed as financial adviser by Mr. Fowler and his associates; but not the P.S. Ross firm.

Mr. SMITH (*Calgary South*): Do you not think that it was an unusual situation to have them advising on a client?

Mr. HENDERSON: I was not here at the time and I am not familiar with the details.

Mr. BUSHNELL: As I recall it—and I would like this committee to remember one fact—at that time we had a chairman of the board of governors and we had a general manager. I was assistant general manager, and these were largely matters of policy. They were dealt with by the chairman. To the best of my memory we had engaged P. S. Ross and Sons to make an examination, if you like, of our whole financial structure. When the Fowler commission was appointed, as I recall it—and this may be pure hearsay, because I cannot recall attending any meeting when this was decided—Mr. Fowler came to Mr. Dunton and asked if the corporation would have any objection if Mr. Guy Hoult, who was a member of the P. S. Ross firm—and I think a very important one—was used by the Fowler commission.

Mr. SMITH (*Calgary South*): You were not concerned with the problem of the fact that an auditor would be reporting on his client?

Mr. BUSHNELL: No.

The CHAIRMAN: I think it is time we concluded this meeting.

Mr. HENDERSON: May I just table the figures which were asked for by Mr. Bell yesterday in respect to the percentage of our total salaries and wages as against our total expenditures. He asked for these figures and he asked for any possible criteria we might have against which they could be measured.

I have taken the fiscal years 1955-56, 1956-57, and 1957-58.

In the year 1955-56 our salaries and wages, out of our total expenditures were 37.34 per cent; in 1956-57 they were 37.01 per cent; and in 1957-58 they were 37.11 per cent. As you can see, they are all very close.

In respect to the request for any possible criteria against which to measure it, I have reference to the B.B.C. which in many respects is comparable to us in these matters, although they have a larger staff. After examining their accounts in 1956 and 1957 I found that their salaries and wages in relation to their total expenditures averaged in both those years slightly over 40 per cent.

The CHAIRMAN: Thank you very much.

Would you care to have figures printed as an appendix to to-day's proceedings?

Agreed.

(See appendix B)

Mr. SMITH (*Calgary South*): May I ask if the clerk of the committee would be good enough to check with the printing bureau to see if we could not obtain as fast as possible the evidence of these meetings? It would be a great advantage and would simplify matters if, for example, the statement which was read yesterday could be printed and placed in our hands promptly. I realize that they are busy, but if such a request is made and certainly with the great personality which the clerk of the committee evinces, he should be able to persuade them to do so.

The CHAIRMAN: Thank you. You are all acquainted with our plans. We have the C.B.C. as our witnesses now; then we are going to have the C.A.B., and then the B.B.G., following which we will recall the C.B.C.

May we leave the matter of finances as of now until we recall the C.B.C., and go on at our next meeting to the subject of production. That will be next Tuesday at 11 a.m.

Mr. PRATT: In regard to divulging competitive secrets of a commercial nature, I still think as the general public is expected to foot these bills, that the representatives of the public should have the facts, and I agree with Mr. Fortin.

The CHAIRMAN: Thank you for your opinion.

Mr. SIMPSON: In leaving the financial picture until probably the closing days of this committee, or until later, it would be interesting to know now—due to the answers we have had in relation to the cost of productions—if at the time they come back we will be able to get figures such as the amounts paid out for interviews, because I know this is something of tremendous public interest.

That is not the case in my area, because we have not got television yet; but everywhere I go people are asking, and they do spread some fantastic figures around as to what some of these employees are making. It would be interesting to find these things out.

Mr. FISHER: Do you mean employees, or some of the people who are hired for special projects and seem to be specially favoured?

Mr. SIMPSON: That is right; and a lot of them seem to appear on different programs.

Mr. SMITH (*Calgary South*): Mr. Chairman, may I suggest that you do as you indicated you were going to; that is, have the steering committee meet and then give your decision to the board and have that information filed with us for the next or following meeting?

The CHAIRMAN: Yes.

Mr. SMITH (*Calgary South*): If, at that time, the committee is still not satisfied, the matter can be brought up again.

Mr. SIMPSON: That is fine.

Mr. McCLEAVE: I have some information from Mr. Henderson, but I would like to get the question and answer on the record. It is very short. I intend to use it at a future time.

Could Mr. Henderson give the amount of money paid for any one year—say, the year ending March 31, 1958—to Broadcast Music Incorporated and other performing rights societies?

Mr. HENDERSON: In the year ending March 31, 1958, the corporation paid Broadcast Music Incorporated \$40,000, and during the same year the corporation paid the Canadian Association of Publishers, Authors and Composers \$273,000.

The CHAIRMAN: Thank you very much, sir. We will adjourn until 11.00 o'clock Tuesday morning.

CANADIAN BROADCASTING CORPORATION

(Appendix A).

EXPENSES AS PER STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1958

Particulars	Programs	Engineering	Network Transmission	Administrative	Commercial	Information Services	TOTAL
PROGRAMS							
Performers fees, scripts, film rentals and performing rights.....	19,137,265						19,137,265
Salaries and wages.....	11,215,787	6,701,216					17,917,003
Premises.....	—	1,841,932					1,841,932
General production.....	2,565,851	1,122,098					3,687,949
							\$ 42,584,149
DISTRIBUTION							
Film distribution.....							
Salaries and wages.....	494,581						494,581
Kinerecording and film distribution..	1,647,804						1,647,804
Wirelines and Microwave.....			4,612,670				4,612,670
							\$ 6,755,055
STAFF SERVICES, GENERAL ADMINISTRATION AND SUPERVISION							
Salaries and wages.....	4,546,476	1,418,227		1,517,897	721,486	573,628	8,777,714
Premises.....	1,320,276	185,668		163,889			1,669,833
General Administrative.....	1,563,824	141,842		1,078,641	115,501	486,172	3,385,980
							\$ 13,833,527
TOTAL.....	42,491,864	11,410,983	4,612,670	2,760,427	836,987	1,059,800	\$ 63,172,731
Commissions to Advertising Agencies and U.S. Networks:—for agencies generally at 15% of station time and facilities revenue only.....							
—for U.S. Networks, generally 50% of station time revenue only.....							
Payments to private stations: being their share of station time revenue.....							4,790,221
Interest on Loans by Government of Canada.....							4,089,174
Amortization of improvements to properties held under lease.....							922,806
							284,040
							\$ 73,258,972

APPENDIX "B"

CANADIAN BROADCASTING CORPORATION

Comparison of Gross Payroll to Total Expenditure

Year	Total Expenditures	Salaries and Wages Included Therein	%
1955/56	48,909,	18,263,	37.34
1956/57	61,395,	22,725,	37.01
1957/58	73,259,	27,189,	37.11
Ottawa, May 14, 1959.			